



SECURITIES AND EXCHANGE COMMISSION

[Release No. 10983/ September 17, 2021; Release No. 93048/ September 17, 2021]

Securities Act of 1933; Securities Exchange Act of 1934; Order Approving the Public Company Accounting Oversight Board Supplemental Budget for Calendar Year 2021

The Sarbanes-Oxley Act of 2002, as amended (the “Sarbanes-Oxley Act”),¹ established the Public Company Accounting Oversight Board (“PCAOB”) to oversee the audits of companies that are subject to the securities laws, and related matters, in order to protect the interests of investors and further the public interest in the preparation of informative, accurate and independent audit reports. Section 982 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the “Dodd-Frank Act”)² amended the Sarbanes-Oxley Act to provide the PCAOB with explicit authority to oversee auditors of broker-dealers registered with the Commission. The PCAOB is to accomplish these goals through registration of public accounting firms, standard setting, inspection, and disciplinary programs. The PCAOB is subject to the comprehensive oversight of the Securities and Exchange Commission (the “Commission”).

Section 109(b) of the Sarbanes-Oxley Act directs the PCAOB to establish a budget for each fiscal year in accordance with the PCAOB’s internal procedures, subject to approval by the Commission. Rule 190 of Regulation P facilitates the Commission’s review and approval of PCAOB budgets and annual accounting support fees.³ This budget rule provides, among other things, limits on the PCAOB’s ability to incur expenses and obligations except as provided in the approved budget as well as the procedures for the submission of supplemental budgets when it is forecasted that the limits to incur expenses and obligations will be exceeded in a given year. The Commission previously determined that the PCAOB’s 2021 budget of \$287.3 million was

¹ 15 U.S.C. 7201 *et seq.*

² Pub. L. No. 111-203, 124 Stat. 1376 (2010).

³ 17 CFR 202.190.

consistent with Section 109 of the Sarbanes-Oxley Act and accordingly, it approved the PCAOB's 2021 budget on December 16, 2020.⁴

During 2021, the PCAOB determined that expenses related to the engagement of outside counsel would cause its Office of the General Counsel to spend amounts exceeding the previously approved program area budget for the year. As a result, on July 14, 2021 it submitted a supplemental budget to the SEC. The PCAOB's 2021 supplemental budget requests Commission approval to transfer \$3.4 million of FY 2021 funding from a certain program area in which all funds allocated are projected to not be spent in 2021 to the Office of the General Counsel to cover the projected excess costs related to the engagement of outside counsel. The supplemental budget does not request an increase to the PCAOB's previously approved 2021 budget of \$287.3 million.

The Commission directs the PCAOB to keep the Commission, through staff in its Office of the Chief Accountant, apprised each month of monthly legal expenses incurred and paid through the end of its fiscal year 2021. Separately, the Commission directs that the PCAOB implement policies and procedures to ensure additional funds will not be required for spending on outside counsel for the 2021 fiscal year beyond those approved in this Order. The Commission also directs the PCAOB to inform the Commission of all of the steps it will take to reduce its current and future reliance on outside counsel.

The Commission has determined that the PCAOB's 2021 supplemental budget is consistent with Section 109 of the Sarbanes-Oxley Act. Accordingly,

IT IS ORDERED, pursuant to Section 109 of the Sarbanes-Oxley Act, that the PCAOB supplemental budget for calendar year 2021 is approved.

By the Commission.

Vanessa A. Countryman,

⁴ Release No. 33-10905 (December 16, 2020).

Secretary.

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